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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-00 TRSE-00 FRD-03 PA-04

PRS-01 USIA-15 IO-14 AGR-20 DRC-01 /227 W

----- 092321

R 140001Z AUG 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 1140

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

USINT ALGIERS

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

AMEMBASSY TRIPOLI

UNCLAS BAGHDAD 0493

KUWAIT PASS DOHA

E.O. 11652: N/A

TAGS: ENRG, IZ,

SUBJECT: IRAQ HINTS AT OIL PRODUCTION CURTAILMENT

1. SEMI-OFFICIAL BAGHDAD OBSERVER OF AUGUST 13 CARRIED  
 PROMINENT ARTICLE ON SIGNIFICANCE OF OIL INDUSTRY TO NEW  
 5 YEAR PLAN 1975-79. AFTER CITING OIL REVENUES AS BASIS

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FOR AMBITIOUS PLAN, ARTICLE STRESSED THAT OIL INDUSTRY IS TEMPORARY AND MUST THEREFORE BE EXPLOITED NOT EFFECTIVELY AND OVER LONGEST POSSIBLE TIME.

2. FOLLOWING DESCRIPTION OF PRODUCTIVE CAPACITY THAT SHOULD REACH 200 MTA BY 1976 AND PROVIDE REVENUE OF 13.3 BILLION DOLLARS IN 1975, ARTICLE STATED THAT SUPPLUS FUNDS WILL BE INCREASINGLY GREAT IN YEARS AHEAD. PAPER ASKED: "WHAT IS BENEFIT OF KEEPING SUCH HUGE SUMS OF MONEY FROZEN AND IN STATE OF BEING IMPOSSIBLE TO MAKE USE OF THEM IN ECONOMIC DEVELOPMENT AT TIME WHEN WORLD MONETARY SYSTEM IS UNSTABLE AND SUBJECT TO SEVERE UPHEAVALS WHICH MAY REDUCE OUR ASSETS GREATLY. FURTHERMORE, OIL PRICE IN WORLD IS MOVING UPWARD. HENCE KEEPING QUANTITIES OF OIL UNDERGROUND IS MUCH MORE BENEFICIAL TO US. THEREFORE, WE SHOULD BE CAUTIOUS IN EXPANDING OUR OIL INDUSTRY AND MUST CONCENTRATE OUR EFFORTS AT PRESENT TIME ON DEVELOPING RAPIDLY OIL REFINING, PETROCHEMICALS AND OTHER HEAVY INDUSTRIES SUCH AS IRON, STEEL, ALUMINIUM, PHOSPHATES, FERTILISERS, ETC., AGRICULTURE, IRRIGATION AND LAYING STRONG FOUNDATIONS FOR OUR NATIONAL ECONOMY, IF WE ARE NOT TO BE OVERTAKEN UNAWARE AND UNPREPARED." LORIE

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